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Pompano Beach

CITY OF POMPANO BEACH
GENERAL EMPLOYEES' RETIREMENT SYSTEM

Actuarial Valuation Report
as of
October 1, 2011





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January 13, 2012

Board of Trustees

City of Pompano Beach General Employees' Retirement System

555 South Andrews Avenue, Suite 106

Pompano Beach, Florida 33069

Dear Members of the Board:

This report presents the results of the actuarial valuation of the City of Pompano Beach General Employees' Retirement System for the plan year beginning October 1, 2011. The purpose of this report is to provide a summary of the funded status of the plan as of October 1, 2011 and to determine the minimum required contribution amount for the 2012/2013 fiscal year. In addition, this report provides a record of any plan amendments or other plan changes affecting the financial status of the fund. Our calculations were prepared based on member data and financial information provided by the Retirement System. All historical data before the October 1, 2010 valuation was provided by the prior actuary.

Summary of Valuation Results

The Retirement System receives contributions from the City of Pompano Beach, Broward Sheriff's Office (BSO) and from active members. Members hired prior to June 8, 2011 contribute 10% of compensation, while members hired on or after June 8, 2011 contribute 7.00% of compensation. In addition, the City contributes the required member contributions on behalf of the elected/appointed members who participate in the System. These contributions are considered member contributions and are not reflected in the required minimum City contribution. In determining the City's and the County's contribution requirement we have included two alternatives. The first includes interest to reflect that the City will make quarterly contributions throughout the fiscal year. The second reflects that the City will contribute a single lump sum payment on December 31, 2012. Both contribution alternatives anticipate that the BSO will make bi-weekly contributions throughout the fiscal year.

Quarterly Contributions

The total required annual contribution for the 2012/2013 fiscal year from all sources payable based on a quarterly payment schedule beginning October 1, 2011 is \$9,074,437. The amount of the City/BSO contributions varies from year to year. Member contributions are equal to 9.97% employees' projected payroll. After taking into account expected member contributions of \$2,678,752, the total required contribution from the City/BSO is \$6,395,685 or 23.80% of projected payroll. Of this amount the City is expected to contribute \$6,027,818 and BSO is expected to contribute \$367,867. In comparison, the required City/BSO contribution for the 2011/2012 fiscal year was \$5,860,914, or 21.39% of projected payroll.

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Single Lump Sum Payment

The total required annual contribution for the 2012/2013 fiscal year from all sources payable as a single lump sum payment on December 31, 2012 is \$8,989,638. The amount of the City/BSO contributions varies from year to year. Member contributions are equal to 9.97% of employees' projected payroll. After taking into account expected member contributions of \$2,678,752, the total required contribution from the City/BSO is \$6,310,886 or 23.49% of projected payroll. Of this amount the City is expected to contribute \$5,944,472 and the BSO is expected to contribute \$366,414.

The plan provides a 2% COLA each year and an additional 1% COLA if certain conditions are met. If there is a net experience gain for the year, or the City's cost for the year is \$0 after payment of the additional COLA as long as the present value of the additional COLA is not more than the cumulative gains that occurred since inception of the COLA. Since there was a net experience loss for the year and a required City contribution is due, no variable COLA will be paid this year.

The valuation reflects Ordinance 2011-53 which creates a lower cost benefit tier for members hired on or after June 8, 2011. While not having an immediate impact on the valuation results, over time it will reduce the costs of the System as new hires replace the current membership due to the natural course of turnover and retirements.

Actuarial gains and losses result when the actual experience of the plan (such as asset return, pay increases, turnover, deaths, etc.) is different from that expected by the actuarial assumptions. The plan's unfunded liability was projected to be \$44,134,297 as of October 1, 2011, taking into account contributions from the City, County and members of \$8,032,038. The actual unfunded liability is \$54,517,573. The increase of \$10,383,276 is due to an experience loss for the 2010/2011 plan year. Most of this loss is attributable to actuarial asset return of -0.49% compared to the expected 8.0% return. A detailed analysis of the gain and loss is presented in Table II. The total increase in City/County contribution to amortize the unfunded liability is \$462,143 per year. A summary of the amortization payments is presented in Table Va.

The valuation is based on a series of actuarial assumptions, including an interest rate of 8.00% per year and an annual payroll growth assumption of 3.50% limited to the the 10-year average of payroll increases. The payroll growth assumption is critical in determining the level percent of pay amortization payment of the unfunded accrued liability. As of October 1, 2011 the 10-year average was 2.40% compared to 3.0% as of October 1, 2010. The reduction in the a payroll growth assumption increased the actuarial determined contribuiton by 1.07% of compensation. There have been no other changes in the actuarial assumptions since the previous valuation.



A summary of the results of the valuation and the contribution requirements is presented in Table I. Disclosure information required by GASB statements 25 and 27 can be found in Tables III and IV. The disclosure information required by Chapter 112, Florida Statutes, is presented in Table V. Tables VII and X provide information about the fund's assets and historical contributions. Table VIb provides an asset reconciliation between October 1, 2010 and October 1, 2011. Table VI provides a breakdown of the fund assets by investment type and the calculation of the actuarial value of assets. Tables VII, VIIa, VIII provide a historical record of the growth, expenses, revenues, annual returns and contributions of the fund. Tables IX and IXa through IXd provide a variety of useful information concerning the participant population. The assumptions used in the valuation are outlined in Table XI. Provisions of the plan are set forth in Table XII.

This actuarial valuation was prepared and completed by us or under our direct supervision and we acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate and, in our opinion, the techniques and assumptions used are reasonable and meet the requirements and intent of Part VII, Chapter 112, Florida Statutes. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Jose I. Fernandez', with a stylized flourish at the end.

Jose I. Fernandez, ASA, EA, FCA, MAAA
Principal and Consulting Actuary
Enrolled Actuary No. 11-4461

A handwritten signature in blue ink, appearing to read 'Todd B. Green', with a horizontal line extending to the right.

Todd B. Green, ASA, FCA, MAAA
Principal and Consulting Actuary

JIF/TBG:jmy

**SUMMARY OF VALUATION RESULTS****TABLE I**

	As of October 1, 2010	As of October 1, 2011
1. Number of Participants		
a. Active Participants		
i. City and BSO Employees	460	454
ii. Elected and Appointed Officials	8	8
iii. Senior Management	16	17
iv. Sub-total	484	479
b. Deferred Vested Participants	21	21
c. Retired Participants:		
i. Participants in DROP	36	42
ii. Non-disabled	238	244
iii. Disabled	19	20
iv. Beneficiaries	38	41
v. Sub-total	331	347
d. Total Participants	836	847
2. Total Annual Payroll		
a. Elected Officers	\$666,682	\$610,967
b. Non-elected members	\$25,929,850	\$25,627,436
c. Total	\$26,596,532	\$26,238,403
3. Total Projected Payroll	\$27,394,428	\$26,868,125
4. Total Retired Member Benefits	\$6,513,757	\$8,627,786
5. Derivation of Unfunded Accrued Liability (UAL)		
a. Present Value of Future Benefits	\$203,361,790	\$212,283,276
b. Present Value of Future Normal Cost	(\$33,366,611)	(\$32,595,224)
<i>City Portion</i>	(\$12,199,257)	(\$11,950,843)
<i>Member Portion</i>	(\$21,167,355)	(\$20,644,381)
c. Actuarial Accrued Liability (AAL)	\$169,995,179	\$179,688,052
d. Actuarial Value of Assets	(\$126,102,821)	(\$125,170,479)
e. Unfunded Accrued Liability (c. + d.)	\$43,892,358	\$54,517,573



SUMMARY OF VALUATION RESULTS

TABLE I

	Fiscal Year 2012	Fiscal Year 2013
6. Annual Cost (Payable Quarterly 1st Payment 10/1)		
a. Normal Cost	\$4,177,819	\$4,158,965
b. Payment to Amortize Unfunded Liability	\$3,031,258	\$3,493,401
c. Administrative Expenses	\$529,468	\$512,753
d. Interest Adjustment	\$861,812	\$909,318
e. Total (a. + b.+ c.+ d.)	\$8,600,357	\$9,074,437
f. Expected Member Contributions	\$2,739,443	\$2,678,752
g. Expected City/County Contribution	\$5,860,914	\$6,395,685
h. Total (f. + g.)	\$8,600,357	\$9,074,437
7. Annual Cost (Payable as a Single Lump Sum on 12/31)		
a. Normal Cost	\$4,177,819	\$4,158,965
b. Payment to Amortize Unfunded Liability	\$3,031,258	\$3,493,401
c. Administrative Expenses	\$529,468	\$512,753
d. Interest Adjustment	\$781,443	\$824,519
e. Total (a. + b.+ c.+ d.)	\$8,519,988	\$8,989,638
f. Expected Member Contributions	\$2,739,443	\$2,678,752
g. Expected City/County Contribution	\$5,780,545	\$6,310,886
h. Total (f. + g.)	\$8,519,988	\$8,989,638
8. Annual Cost (as a % of projected payroll)		
a. Quarterly Basis		
i. Total Required Contribution	31.39%	33.77%
ii. Expected Member Contributions *	10.00%	9.97%
iii. Expected City/County Contribution	21.39%	23.80%
b. Single Lump Sum Basis		
i. Total Required Contribution	31.10%	33.46%
ii. Expected Member Contributions *	10.00%	9.97%
iii. Expected City/County Contribution	21.10%	23.49%

*Non-Elected members in Plan 1 contribute 10.0% of payroll, and 7% of payroll if in Plan 2. The City contributes 10.0% of payroll on behalf of elected/appointed members.



GAIN AND LOSS ANALYSIS

TABLE II

1. Asset Gain / (Loss)	
a. Actuarial Value of Assets as of October 1, 2010	\$126,102,821
b. Interest on item [1a. x 8%]	\$10,088,226
c. Contributions for the 2010/2011 Plan Year	\$8,032,038
d. Interest on item [1c. x 8% x .5]	\$321,282
e. Benefit Payments for 2010/2011 Plan Year (Including Expenses)	(\$8,342,142)
f. Interest on item [1e. x 8% x .5]	(\$333,686)
g. Expected Actuarial Value of Assets as of October 1, 2011	\$135,868,539
h. Actuarial Value of Assets as of October 1, 2011	\$125,170,479
i. (Gain) / Loss	\$10,698,060
2. Actuarial Accrued Liability Gain / (Loss)	
a. Actuarial Accrued Liability as of October 1, 2010	\$169,995,179
b. Normal Cost for 2010/2011 Plan Year	\$4,177,819
c. Assumed Expenses for 2009/2010 Plan Year	\$529,468
d. Interest on items 2a, 2b. and 2c. [(2a.+2b.+2c.) x 8%]	\$13,976,197
e. Benefit Payments for 2010/2011 Plan Year (Including Expenses)	(\$8,342,142)
f. Interest on item 2e. [2e. x 8% x .5]	(\$333,686)
g. Expected Actuarial Liability as of October 1, 2011	\$180,002,836
h. Actuarial Accrued Liability as of October 1, 2011 before changes	\$179,688,052
i. (Gain) / Loss	(\$314,784)
3. Expected Unfunded Actuarial Accrued Liability (UAAL) (2g. - 1g.)	\$44,134,297
4. Changes due to	
a. Assumption Changes	0
b. Method Changes	0
c. Plan Amendments	0
d. Actuarial (Gain) / Loss	10,383,276
5. UAAL as of October 1, 2010 (3. + 4a. + 4b. + 4c. + 4d.)	\$54,517,573
6. Items Affecting Calculation of Accrued Liability:	
a. Plan provisions reflected in the unfunded accrued liability (see Table XII)	
b. Plan amendments reflected in item 4.c. above (see Table XIIa)	
c. Actuarial assumptions and methods used to determine actuarial accrued liability (see Table XI)	



7. Unfunded Accrued Liability Contribution Rate as of October 1, 2010:		11.07%
8. Net Actuarial (Gains)/Losses During the 2010/2011 Plan Year:		
a. Due to Salary	-0.73%	
b. Due to Investment Performance	2.42%	
c. Due to Turnover/Mortality	0.04%	
d. Due to New Retirements	0.31%	
e. Due to Difference and Timing in Contributions	0.34%	
f. Due to Data/Service Adjustments/Benefit Payments	0.27%	
g. Due to New Members	0.05%	
h. Total		2.70%
9. Change in Unfunded Accrued Liability Rate During the 2010/2011 Plan Year:		
a. Assumption changes (decrease in payroll growth assumption)	1.07%	
b. Method changes (valuation software/change in actuary)	0.00%	
c. Plan changes	0.00%	
d. Total change		1.07%
10. Other Effects (includes impact of decrease in total payroll)		<u>-1.84%</u>
11. Unfunded Accrued Liability Contribution Rate as of October 1, 2011		<u><u>13.00%</u></u>
12. Comments on Change in Unfunded Accrued Liability Contribution Rate:		

Salary/Service: Actual average salary increase of 1.6% compared to expected increases of 5.7%.

Investment Performance: -0.5% actual vs. 8.0% expected return on the actuarial value of assets.

Turnover: Net effect on the valuation liabilities of actual deaths, terminations of employment and disabilities different from what was anticipated in the aggregate by the assumptions related to those events.

New retirements: Net effect of differences in expected vs. actual numbers of, and benefits for, new retirements and refund of employee contributions.

Due to Differences and Timing of Contributions: Due to the one year lag of when the required contribution is determined and when it is deposited into the fund.

Data/Service Adjustments: Effect of service adjustments for service purchases.

Assumption Changes: Decrease in payroll growth assumption.

Method Changes: None

Plan Changes: None

Other Effects: Loss from payroll decrease of 1.9% compared to an expected increase of 3.0% accompanied with a gain due to full amortization of prior bases.

**ACCOUNTING DISCLOSURES (GASB 25/27)****TABLE III**

	For Fiscal Year Ended	
	9/30/2011	9/30/2012
A. Number of Plan Members as of October 1:	2010	2011
a. Retirees and beneficiaries receiving benefits	331	347
b. Terminated plan participants entitled to but not yet receiving benefits	21	21
c. Active plan participants	484	479
d. Total	<u>836</u>	<u>847</u>
B. Development of Annual Required Contribution (ARC):		
	Valuation Date	
	10/01/2009	10/01/2010
a. Employer normal cost:		
i. Normal cost plus Admin. Expenses	\$5,390,889	\$5,569,099
ii. Expected employee contribution	(\$2,791,090)	(\$2,739,443)
iii. Employer normal cost	<u>\$2,599,799</u>	<u>\$2,829,656</u>
b. Amortization of UAAL:		
i. PV of future benefits	\$196,220,452	\$203,361,790
ii. PV of future employer normal costs	(\$12,588,400)	(\$12,199,257)
iii. PV of future employee contributions	(\$22,046,929)	(\$21,167,355)
iv. Actuarial accrued liability (AAL)	\$161,585,123	\$169,995,179
v. Actuarial value of assets	(\$118,954,587)	(\$126,102,821)
vi. Unfunded AAL (UAAL)	\$42,630,536	\$43,892,358
vii. Amortization of UAAL	\$2,749,597	\$3,031,258
c. ARC	<u>\$5,349,396</u>	<u>\$5,860,914</u>
C. Annual Pension Cost and Net Pension Obligation (NPO):		
a. ARC	\$5,349,396	\$5,860,914
b. Interest on NPO	(\$39,827)	(\$40,881)
c. Adjustment to ARC	(\$28,767)	(\$31,179)
d. Annual Pension Cost	<u>\$5,338,336</u>	<u>\$5,851,212</u>
e. City and County Contributions made	\$5,351,521	
f. Increase(decrease) in NPO	(\$13,185)	
g. NPO (beginning of year)	(\$497,833)	
h. NPO (end of year)	<u>(\$511,018)</u>	



D. Schedule of Employer Contributions

Year Ended September 30	Annual Required Contribution	Contribution Made	Percentage Contributed
2008	\$3,415,550	\$3,416,488	100.0%
2009	\$3,704,693	\$3,706,870	100.1%
2010	\$4,337,004	\$4,338,870	100.0%
2011	\$5,349,396	\$5,351,521	100.0%
2012	\$5,860,914		

E. Schedule of Funding Progress

(\$'s in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) (2)	Unfunded AAL (UAAL) (2) - (1)	Funded Ratio (1)/(2)	Covered Payroll (3)	UAAL as % of Covered Payroll [(2) - (1)]/(3)
10/1/2004	\$96,736	\$111,252	\$14,516	87.0%	\$21,875	66.4%
10/1/2005	\$98,980	\$120,076	\$21,096	82.4%	\$22,405	94.2%
10/1/2006	\$107,334	\$131,560	\$24,226	81.6%	\$24,963	97.0%
10/1/2007	\$118,773	\$143,587	\$24,814	82.7%	\$26,692	93.0%
10/1/2008	\$124,869	\$152,425	\$27,556	81.9%	\$27,478	100.3%
10/1/2009	\$118,955	\$161,585	\$42,630	73.6%	\$27,477	155.1%
10/1/2010	\$126,103	\$169,995	\$43,892	74.2%	\$26,597	165.0%
10/1/2011	\$125,170	\$179,688	\$54,518	69.7%	\$26,238	207.8%

Additional Information

Valuation date :	October 1, 2010	October 1, 2011
Actuarial cost method:	Entry Age Normal	Entry Age Normal
Amortization method:	Level Percent Closed	Level Percent Closed
Remaining amortization period:	1 to 30 years	1 to 30 years
Asset valuation method:	5 - Year Smoothed Market	5 - Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	8.00%	8.00%
Projected salary increases	4.25 to 7.5%	4.25 to 7.5%
Includes inflation at	3.50%	3.50%
Cost of living adjustments	2.00%	2.00%



PRESENT VALUE OF ACCRUED BENEFITS

TABLE IV

1. Actuarial Present Value of Accrued Benefits

	<u>As of</u> <u>October 1, 2010</u>	<u>As of *</u> <u>October 1, 2011</u>
a. Vested Accrued Benefits:		
i. Inactive members and beneficiaries	\$90,270,656	\$101,676,823
ii. Active members	<u>\$56,370,964</u>	<u>\$59,943,437</u>
iii. Sub-total	\$146,641,620	\$161,620,260
b. Non-vested Accrued Benefits	<u>\$1,483,608</u>	<u>\$2,325,186</u>
c. Total Benefits	\$148,125,228	\$163,945,446
d. Market Value of Assets	\$106,118,339	\$106,693,934
e. Percentage Funded	71.6%	65.1%

2. Statement of Changes in Total Actuarial Present Value of All Accrued Benefits

a. Actuarial Present Value as of October 1, 2010:	\$148,125,228
b. Increase (Decrease) During 2010/2011 Plan Year Attributable to:	
i. Interest	\$11,535,686
ii. Benefits accumulated/experience	\$17,947,821
iii. Benefits paid	(\$7,858,299)
iv. Plan amendments	\$0
v. Changes in actuarial assumptions or methods	<u>(\$5,804,990)</u>
vi. Net increase (decrease)	\$15,820,218
c. Actuarial Present Value as of October 1, 2011:	\$163,945,446

3. Items Affecting Calculation of Actuarial Present Value of Accrued Benefits

- a. Plan provisions reflected in the accrued benefits (see Table XII on page 33)
- b. Plan amendments reflected in item 2.b.iv. Above
- c. Actuarial assumptions and methods used to determine present values (see Table XI on page 29)
- d. Changes in actuarial assumptions and methods reflected in item 2.b.v. above

* Based upon 7.75% assumed rate of return as prescribed by Florida Law

**INFORMATION REQUIRED BY FLORIDA STATUTE (CHAP. 112)****TABLE V**

	Actuarial valuation prepared as of:	
	October 1, 2010	October 1, 2011
1. Participant Data:		
a. Active members:		
i. Number	484	479
ii. Total annual payroll	\$26,596,532	\$26,238,403
iii. Projected annual payroll	\$27,394,428	\$26,868,125
b. Retirees and beneficiaries:		
i. Number	276	285
ii. Total annualized benefit	\$6,092,237	\$6,570,159
c. Disabled members receiving benefits:		
i. Number	19	20
ii. Total annualized benefit	\$421,520	\$452,243
d. Members in DROP:		
i. Number	36	42
ii. Total annualized benefit	\$1,358,202	\$1,605,384
e. Terminated vested members:		
i. Number	21	21
ii. Total annualized benefit	\$384,677	\$385,166
2. Assets:		
a. Actuarial value of assets	\$126,102,821	\$125,170,479
b. Market value of assets	\$106,118,339	\$106,693,934
3. Liabilities:		
a. Present value of all future expected benefit payments:		
i. Active members:		
Retirement benefits	\$103,179,534	\$102,987,460
Vesting benefits	\$2,699,141	\$2,639,767
Disability benefits	\$3,682,493	\$3,602,478
Death benefits	\$2,710,486	\$2,676,275
Return of member contributions	\$819,478	\$766,725
Sub-total	\$113,091,132	\$112,672,705
ii. Terminated vested members	\$3,414,401	\$3,474,688
iii. Retired members and beneficiaries:		
Retirees, members in DROP, and beneficiaries	\$81,979,529	\$90,984,582
Disabled members	\$4,876,726	\$5,151,301
Sub-total	\$86,856,255	\$96,135,883
iv. Total present value of all future expected ben. pmts.	\$203,361,788	\$212,283,276

**INFORMATION REQUIRED BY FLORIDA STATUTE (CHAP. 112)****TABLE V**

	Actuarial valuation prepared as of:	
	October 1, 2010	October 1, 2011
b. Liabilities due and unpaid	\$0	\$0
c. Active actuarial accrued liability	\$79,724,521	\$80,077,481
d. Inactive actuarial accrued liability	\$90,270,658	\$99,610,571
e. Total actuarial accrued liability	\$169,995,179	\$179,688,052
f. Unfunded actuarial accrued liability (please reference Table Va for details concerning the unfunded liability bases and amortization periods)	\$43,892,358	\$54,517,573
4. Actuarial Present Value of Accrued Benefits: (please reference Table IV for details concerning the present value of accrued benefits)	\$148,125,228	\$163,945,446
5. Pension Cost (as a % of annual payroll):		
a. Normal cost plus projected administrative expenses	17.18%	17.39%
Dollar amount	\$4,707,287	\$4,671,718
b. Payment to amortize unfunded liability	11.07%	13.00%
Dollar amount	\$3,031,258	\$3,493,401
c. Interest adjustment	3.14%	3.38%
Dollar amount	\$861,812	\$909,318
d. Amount to be contributed by members	10.00%	9.97%
Dollar amount	\$2,739,443	\$2,678,752
e. City Minimum Contribution	21.39%	23.80%
Dollar amount	\$5,860,914	\$6,395,685



INFORMATION REQUIRED BY FLORIDA STATUTE (CHAP. 112)

TABLE V

	Fiscal Year 2009/2010	Fiscal Year 2010/2011
6. Past Contributions:		
a. Required City & County contribution	\$4,338,870	\$5,351,521
b. Actual contribution made by:		
i. City	\$3,993,018	\$4,926,040
ii. County	\$345,852	\$425,481
iii. Members	\$2,868,571	\$2,680,517
	Actuarial valuation prepared as of:	
	October 1, 2010	October 1, 2011
7. Net actuarial (gain) / loss:	\$1,517,167	\$10,383,276
8. Other disclosures:		
a. Present value of active members':		
i. Future salaries:		
at attained age	\$213,823,525	\$207,114,347
at entry age	N/A	N/A
ii. Future contributions:		
at attained age	\$21,167,355	\$20,644,381
at entry age	N/A	N/A
b. Present value of future normal contributions from City	\$12,199,257	\$11,950,843
c. Present value of future expected benefit payments for active members at entry age	N/A	N/A
d. Amount of active members' accumulated contributions	\$22,362,903	\$23,431,152



UNFUNDED LIABILITY BASES

TABLE Va

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance as of October 1, 2010</u>	<u>BOY</u>		<u>Outstanding Balance as of October 1, 2011</u>	<u>BOY</u>		<u>Years Remaining October 1, 2011</u>
			<u>2010/2011 Amortization Payment</u>			<u>2011/2012 Amortization Payment</u>		
1979 Original	\$2,964,494	\$365,995	\$365,995		\$0	\$0		0 Years
1981 Experience (Gain)/Loss	\$330,034	\$32,159	\$32,159		\$0	\$0		0 Years
1982 Experience (Gain)/Loss	(\$708,278)	(\$128,152)	(\$65,594)		(\$67,563)	(\$67,563)		1 years
1983 Experience (Gain)/Loss	(\$1,008,056)	(\$262,653)	(\$91,732)		(\$184,595)	(\$94,754)		2 years
1984 Experience (Gain)/Loss	\$436,628	\$147,401	\$39,510		\$116,522	\$40,926		3 years
1985 Experience (Gain)/Loss	(\$630,842)	(\$245,969)	(\$53,964)		(\$207,365)	(\$56,052)		4 years
1986 Experience (Gain)/Loss	(\$2,085,244)	(\$915,135)	(\$171,150)		(\$803,504)	(\$178,252)		5 years
1987 Experience (Gain)/Loss	(\$3,460,275)	(\$1,759,430)	(\$288,459)		(\$1,588,649)	(\$301,226)		6 years
1988 Experience (Gain)/Loss	\$1,662,787	\$1,075,150	\$157,715		\$990,830	\$165,125		7 years
1989 Experience (Gain)/Loss	(\$180,749)	(\$125,966)	(\$16,792)		(\$117,908)	(\$17,626)		8 years
1990 Experience (Gain)/Loss	(\$376,257)	(\$292,539)	(\$35,876)		(\$277,196)	(\$37,752)		9 years
1991 Experience (Gain)/Loss	\$180,600	\$153,797	\$17,523		\$147,176	\$18,485		10 years
1992 Experience (Gain)/Loss	(\$248,979)	(\$225,951)	(\$24,113)		(\$217,985)	(\$25,498)		11 years
1993 Experience (Gain)/Loss	(\$304,735)	(\$293,126)	(\$29,500)		(\$284,716)	(\$31,268)		12 years
1994 Experience (Gain)/Loss	\$290,132	\$300,472	\$28,681		\$293,534	\$30,470		13 years
1995 Experience (Gain)/Loss	(\$1,175,801)	(\$1,242,116)	(\$113,007)		(\$1,219,438)	(\$120,331)		14 years
1996 Experience (Gain)/Loss	(\$1,384,333)	(\$1,545,775)	(\$134,619)		(\$1,524,048)	(\$143,662)		15 years
1997 Experience (Gain)/Loss	(\$4,825,881)	(\$6,118,345)	(\$511,953)		(\$6,054,903)	(\$547,536)		16 years
1998 Experience (Gain)/Loss	(\$3,450,637)	(\$4,067,454)	(\$328,081)		(\$4,038,523)	(\$351,633)		17 years
1999 Experience (Gain)/Loss	(\$4,863,161)	(\$5,506,210)	(\$429,376)		(\$5,482,981)	(\$461,160)		18 years
2000 Experience (Gain)/Loss	(\$1,480,206)	(\$1,623,708)	(\$122,729)		(\$1,621,057)	(\$132,083)		19 years
2001 Experience (Gain)/Loss	\$7,815,513	\$8,569,422	\$629,293		\$8,575,339	\$678,608		20 years
2002 Experience (Gain)/Loss	\$9,987,004	\$10,923,249	\$780,952		\$10,953,681	\$843,796		21 years
2003 Experience (Gain)/Loss	\$4,483,179	\$4,877,741	\$340,160		\$4,900,587	\$368,235		22 years
2004 Experience (Gain)/Loss	\$4,956,483	\$5,366,541	\$365,676		\$5,400,934	\$396,595		23 years
2005 Experience (Gain)/Loss	\$6,499,426	\$6,992,151	\$466,260		\$7,047,962	\$506,606		24 years
2006 Experience (Gain)/Loss	(\$3,577,856)	(\$3,808,340)	(\$248,879)		(\$3,844,218)	(\$270,896)		25 years
2007 Experience (Gain)/Loss	\$343,924	\$361,225	\$23,165		\$365,105	\$25,258		26 years
2008 Experience (Gain)/Loss	\$2,246,447	\$2,323,744	\$146,409		\$2,351,522	\$159,908		27 years
2009 Experience (Gain)/Loss	\$14,709,552	\$14,968,331	\$927,588		\$15,164,002	\$1,014,795		28 years
2010 Experience (Gain)/Loss	\$1,517,167	\$1,517,167	\$92,568		\$1,538,567	\$101,434		29 years
2011 Experience (Gain)/Loss	\$10,387,585				\$10,387,585	\$675,325		30 years
1984 Plan Amendment Early Retirement	\$172,128	\$58,113	\$15,577		\$45,939	\$16,135		3 years
1987 Plan Amendment Eliminate Age 55 Restriction	\$410,774	\$208,864	\$34,243		\$188,591	\$35,759		6 years
1988 Plan Amendment 10 Year Cliff Vesting	\$417,435	\$269,907	\$39,593		\$248,739	\$41,453		7 years
1990 Plan Amendment 10 Year Svc for Non-Svc Disability	\$62,149	\$48,332	\$5,927		\$45,797	\$6,237		9 years
1992 Plan Amendment Tax Compliance/Pick-Up Plan	(\$132,092)	(\$119,874)	(\$12,793)		(\$115,647)	(\$13,528)		11 years
1994 Plan Amendment Change Pre-Retirement Death Benefits	\$91,138	\$94,386	\$9,009		\$92,207	\$9,571		13 years
2000 Plan Amendment COLA	\$13,628,631	\$14,890,356	\$1,125,496		\$14,866,049	\$1,211,277		19 years
2004 Plan Amendment DROP	\$2,820,380	\$3,053,715	\$208,080		\$3,073,286	\$225,674		23 years
2004 Plan Amendment Elected Officials/Appointees	\$1,220,245	\$1,321,199	\$90,026		\$1,329,667	\$97,639		23 years
2006 Plan Amendment 2.75% Multiplier	\$6,510,457	\$6,929,859	\$452,873		\$6,995,145	\$492,937		25 years



UNFUNDED LIABILITY BASES

TABLE Va

<u>Description</u>	<u>Original Amount</u>	<u>Outstanding Balance as of October 1, 2010</u>	<u>BOY 2010/2011 Amortization Payment</u>	<u>Outstanding Balance as of October 1, 2011</u>	<u>BOY 2011/2012 Amortization Payment</u>	<u>Years Remaining October 1, 2011</u>
2008 Plan Amendment Senior Managers	\$383,377	\$396,568	\$24,986	\$401,309	\$27,290	27 years
2009 Plan Amendment Senior Managers	\$134,409	\$136,630	\$8,608	\$138,264	\$9,402	27 years
1981 Assumption Change	(\$278,440)	(\$27,125)	(\$27,125)	\$0	\$0	0 Years
1982 Assumption Change	(\$581,783)	(\$105,262)	(\$53,878)	(\$55,495)	(\$55,495)	1 years
1984 Assumption Change	(\$981,955)	(\$331,506)	(\$88,859)	(\$262,059)	(\$92,043)	3 years
1986 Assumption Change	\$748,707	\$328,581	\$61,452	\$288,499	\$64,002	5 years
1992 Assumption Change	(\$806,413)	(\$731,820)	(\$78,100)	(\$706,018)	(\$82,585)	11 years
1994 Assumption Change	\$1,260,489	\$1,305,392	\$124,602	\$1,275,253	\$132,377	13 years
1995 Assumption Change	\$697,180	\$736,494	\$67,006	\$723,047	\$71,349	14 years
1996 Assumption Change	\$365,331	\$407,932	\$35,526	\$402,198	\$37,913	15 years
1997 Assumption Change	\$73,638	\$93,360	\$7,812	\$92,392	\$8,355	16 years
2000 Assumption Change	(\$10,001,095)	(\$10,926,985)	(\$825,922)	(\$10,909,148)	(\$888,871)	19 years
2002 Assumption Change	\$1,136,132	\$1,242,638	\$88,842	\$1,246,100	\$95,991	21 years
2008 Assumption Change	(\$117,474)	(\$121,516)	(\$7,656)	(\$122,969)	(\$8,362)	27 years
1981 Method Change	\$931,067	\$90,726	\$90,726	\$0	\$0	0 years
1982 Method Change	\$2,400,585	\$434,346	\$222,319	\$228,989	\$228,989	1 years
1987 Method Change	\$1,183,328	\$601,689	\$98,647	\$543,285	\$103,013	6 years
2002 Method Change	(\$5,539,505)	(\$6,058,810)	(\$433,171)	(\$6,075,689)	(\$468,029)	21 years
2010 Method Change	(\$696,223)	(\$696,223)	(\$42,479)	(\$706,043)	(\$46,548)	29 years
2000 Variable Benefit	\$226,471	\$244,850	\$19,093	\$243,818	\$20,507	18 years
2001 Variable Benefit	\$280,869	\$303,866	\$22,968	\$303,370	\$24,718	19 years
Total		\$43,892,358	\$3,031,258	\$54,517,573	\$3,493,401	

<u>Date</u>	<u>Projected Unfunded Liability</u>
October 1, 2011	\$54,517,573
October 1, 2012	\$55,106,106
October 1, 2013	\$55,768,325
October 1, 2014	\$56,286,306
October 1, 2041	\$0

* The total experience loss/(gain) for the 2010/2011 plan year of \$10,383,276 is offset by contribution timing differences adjusted with interest equal to \$4,309.



ASSETS

TABLE VI

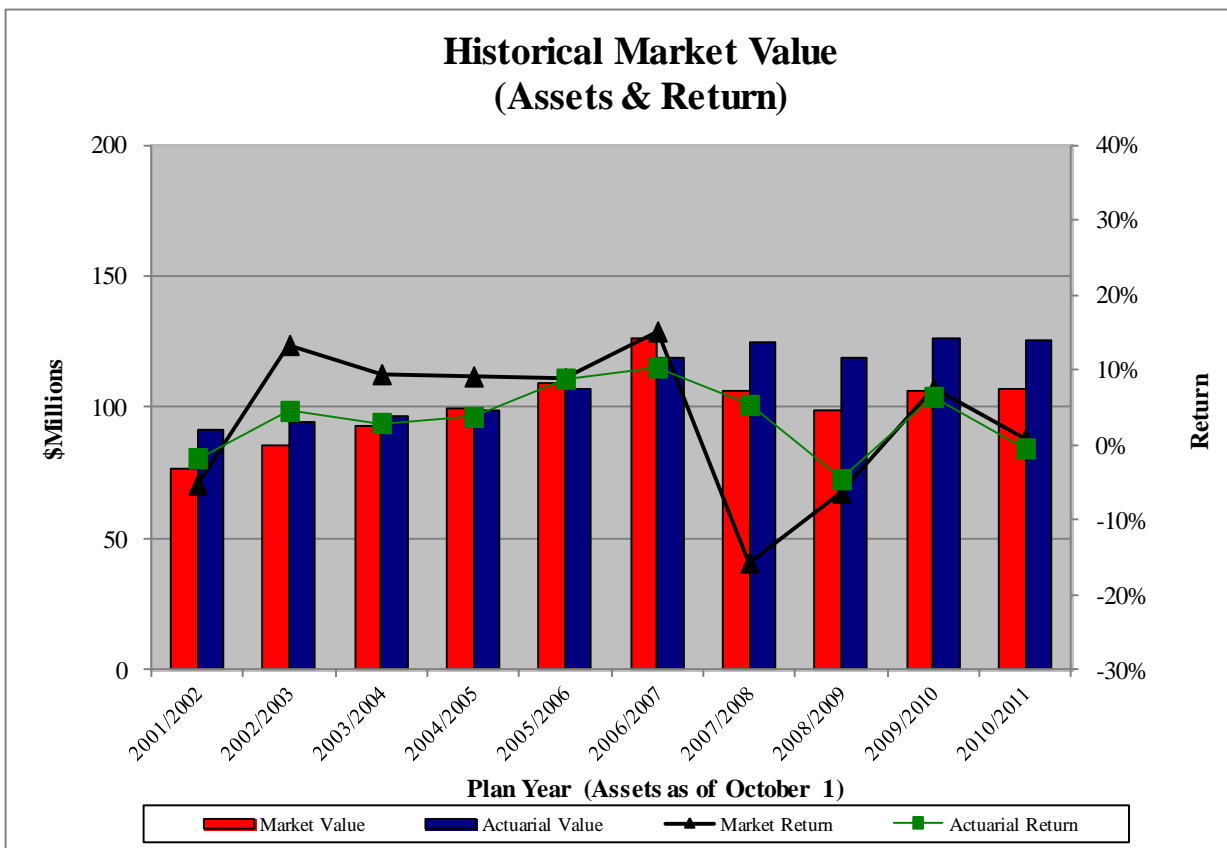
	<u>As of October 1, 2010</u>	<u>As of October 1, 2011</u>
1. Market Value of Assets		
a. Cash and cash equivalents (3.17%)	\$2,774,008	\$3,382,871
b. U.S. government bonds (6.95%)	\$6,286,338	\$7,419,468
c. Common stock (32.91%)	\$36,011,237	\$35,113,863
d. Corporate bonds and notes (13.07%)	\$14,083,391	\$13,949,436
e. Domestic Equity Funds (10.85%)	\$11,470,944	\$11,577,298
f. International Equity Funds (12%)	\$14,608,305	\$12,806,113
g. Private equity funds (11.39%)	\$12,176,358	\$12,147,445
h. Real estate (9.63%)	\$8,682,876	\$10,277,221
i. Net receivables and other (0.37%)	\$448,252	\$389,672
j. Accrued expenses payable (-0.13%)	(\$115,475)	(\$136,250)
k. Payable for securities purchased (-0.22%)	(\$307,895)	(\$233,203)
l. Market value of assets (100%)	\$106,118,339	\$106,693,934
2. Actuarial Value of Assets		
a. Market Value of Assets	\$106,118,339	\$106,693,934
b. 5-year phase-in of gain/(losses) on Actuarial Value of Assets:		
i. 2006/2007	\$7,793,271	x 20% = \$1,558,654
ii. 2007/2008	(\$29,888,185)	x 40% = (\$11,955,274) x 20% = (\$5,977,637)
iii. 2008/2009	(\$15,301,597)	x 60% = (\$9,180,958) x 40% = (\$6,120,639)
iv. 2009/2010	(\$508,630)	x 80% = (\$406,904) x 60% = (\$305,178)
v. 2010/2011	(\$7,591,364)	x 80% = (\$6,073,091)
vi. Total unrecognized (losses)/gains	(\$19,984,482)	(\$18,476,545)
c. Preliminary Actuarial Value of Assets (Item a. minus item e.vi.)	\$126,102,821	\$125,170,479
d. Corridor around Actuarial Value of Assets		
i. 80% of Market Value (item a.)	\$84,894,671	\$85,355,147
ii. 120% of Market Value (item a.)	\$127,342,008	\$128,032,721
e. Actuarial Value of Assets (Item c., but within items d.i. and d.ii.)	\$126,102,821	\$125,170,479

**DEVELOPMENT OF ASSET (GAIN)/LOSS****TABLE VIa**

	As of October 1, 2010	As of October 1, 2011
1. Beginning of Year Market Value	\$99,128,822	\$106,118,339
2. Expected Interest on Assets	\$7,930,306	\$8,489,467
3. Contributions	\$7,207,441	\$8,032,038
4. Benefit Payments	(\$7,081,623)	(\$7,858,299)
5. Administrative Expenses	(\$541,663)	(\$483,843)
6. Interest on 3, 4, and 5	<u>(\$16,314)</u>	<u>(\$12,404)</u>
7. Expected End of Year Market Value	\$106,626,969	\$114,285,298
8. Actual End of Year Market Value	\$106,118,339	\$106,693,934
9. Gain (Loss) for Plan Year	(\$508,630)	(\$7,591,364)

**ASSET RECONCILIATION****TABLE VIb**

	<u>As of October 1, 2010</u>	<u>As of October 1, 2011</u>
1. Beginning of Year Market Value:	\$99,128,822	\$106,118,339
2. Increases Due to:		
a. Contributions:		
i. City	\$3,993,018	\$4,926,040
ii. County	\$345,852	\$425,481
iii. Employee	\$2,868,571	\$2,680,517
iv. Total	<u>\$7,207,441</u>	<u>\$8,032,038</u>
b. Investment income	\$7,405,362	\$885,699
c. Total increases	<u><u>\$14,612,803</u></u>	<u><u>\$8,917,737</u></u>
3. Decreases Due to:		
a. Benefit payments	\$6,991,324	\$7,580,413
b. Refund of member contributions	\$90,299	\$277,886
c. Administrative expenses	\$541,663	\$483,843
d. Miscellaneous	\$0	\$0
e. Total decreases	<u><u>\$7,623,286</u></u>	<u><u>\$8,342,142</u></u>
4. End of Year Market Value:	\$106,118,339	\$106,693,934



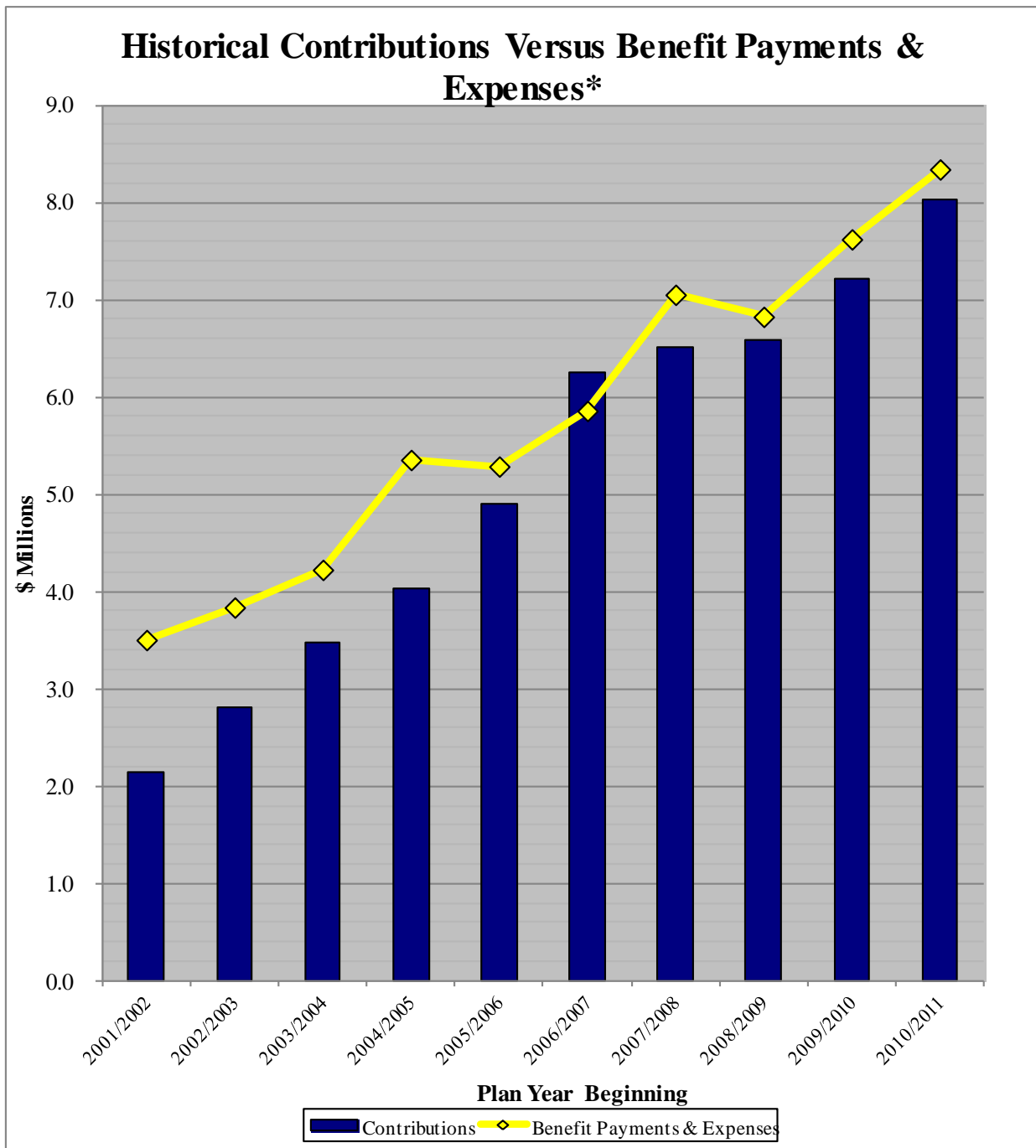
Plan Year	Market Value as of October 1	Actuarial Value as of October 1	Benefit Payments	Administrative Expenses	City, County, and Member Contributions	Market Value Return	Actuarial Value Return
2001/2002	\$76,424,845	\$91,709,814	\$3,254,038	\$250,351	\$2,140,762	(5.30)%	(1.80)%
2002/2003	\$85,458,520	\$94,741,607	\$3,556,707	\$282,053	\$2,803,247	13.30%	4.50%
2003/2004	\$92,735,898	\$96,735,577	\$3,895,060	\$330,446	\$3,481,462	9.40%	2.90%
2004/2005	\$99,890,915	\$98,980,085	\$4,967,607	\$387,998	\$4,039,559	9.10%	3.70%
2005/2006	\$109,249,514	\$107,334,005	\$4,862,124	\$425,926	\$4,905,164	8.90%	8.80%
2006/2007	\$126,184,449	\$118,772,822	\$5,376,897	\$482,702	\$6,246,138	15.10%	10.30%
2007/2008	\$106,187,212	\$124,869,067	\$6,521,687	\$531,899	\$6,506,416	(15.70)%	5.30%
2008/2009	\$99,128,822	\$118,954,587	\$6,309,625	\$517,272	\$6,584,631	(6.40)%	(4.60)%
2009/2010	\$106,118,339	\$126,102,821	\$7,081,623	\$541,663	\$7,207,441	7.49%	6.37%
2010/2011	\$106,693,934	\$125,170,479	\$7,858,299	\$483,843	\$8,032,038	0.84%	(0.49)%

**REVENUES BY SOURCE AND EXPENSES BY TYPE****TABLE VIIa**

REVENUES					
Fiscal Year	City and County Contributions	Member Contributions	Sub-Total	Net Investment Income	Total
2001/2002	\$609,191	\$1,531,571	\$2,140,762	(\$4,358,694)	(\$2,217,932)
2002/2003	\$1,228,956	\$1,574,291	\$2,803,247	\$10,069,188	\$12,872,435
2003/2004	\$1,849,695	\$1,631,767	\$3,481,462	\$8,021,422	\$11,502,884
2004/2005	\$2,341,224	\$1,698,335	\$4,039,559	\$8,471,063	\$12,510,622
2005/2006	\$3,144,061	\$1,761,103	\$4,905,164	\$9,741,485	\$14,646,649
2006/2007	\$4,064,240	\$2,181,898	\$6,246,138	\$16,548,396	\$22,794,534
2007/2008	\$3,416,488	\$3,089,928	\$6,506,416	(\$19,450,067)	(\$12,943,651)
2008/2009	\$3,706,870	\$2,877,761	\$6,584,631	(\$6,816,124)	(\$231,493)
2009/2010	\$4,338,870	\$2,868,571	\$7,207,441	\$7,405,362	\$14,612,803
2010/2011	\$5,351,521	\$2,680,517	\$8,032,038	\$885,699	\$8,917,737

EXPENSES				
Fiscal Year	Benefits Paid	Member Refunds	Administrative Expenses*	Total
2001/2002	\$3,045,598	\$208,440	\$250,351	\$3,504,389
2002/2003	\$3,365,295	\$191,412	\$282,053	\$3,838,760
2003/2004	\$3,712,048	\$183,012	\$330,446	\$4,225,506
2004/2005	\$4,695,826	\$271,781	\$387,998	\$5,355,605
2005/2006	\$4,641,050	\$221,074	\$425,926	\$5,288,050
2006/2007	\$5,009,768	\$367,129	\$482,702	\$5,859,599
2007/2008	\$6,333,970	\$187,717	\$531,899	\$7,053,586
2008/2009	\$6,010,437	\$299,188	\$517,272	\$6,826,897
2009/2010	\$6,991,324	\$90,299	\$541,663	\$7,623,286
2010/2011	\$7,580,413	\$277,886	\$483,843	\$8,342,142

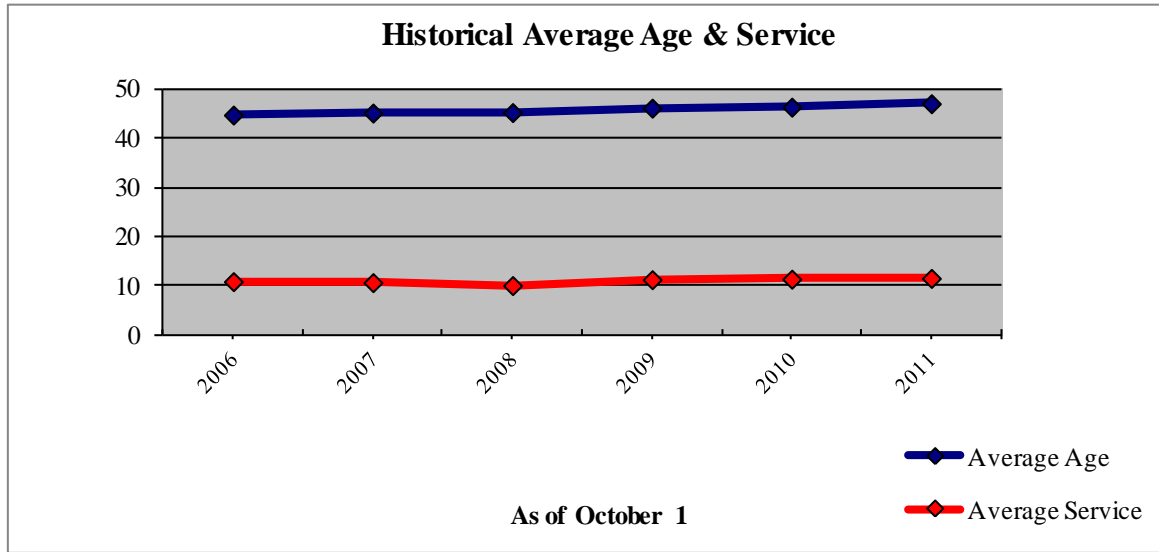
* Does not include investment expenses



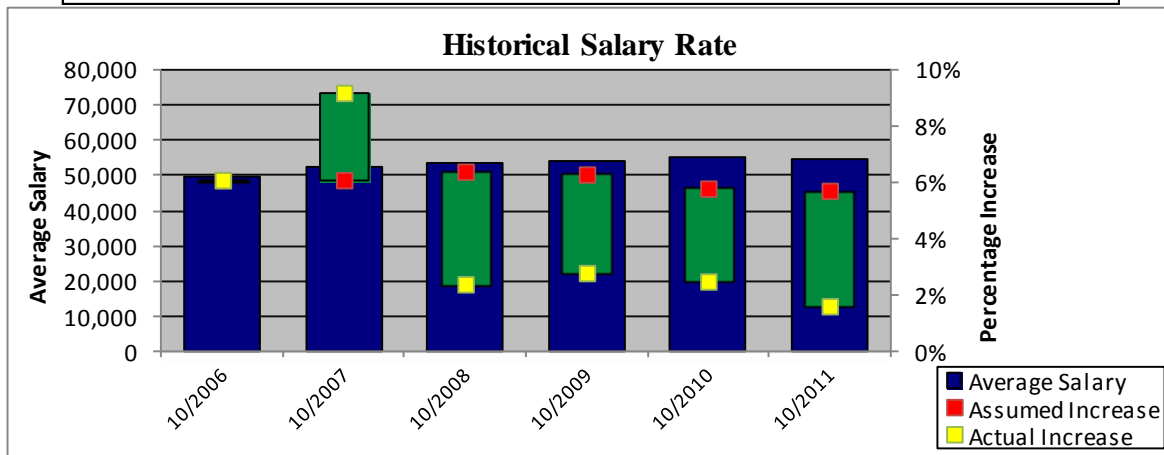
* Please reference Table VIIa on page 20 for the historical benefit payments, expenses, and contributions.

**SUMMARY OF MEMBER DATA****TABLE IX**

	<u>As of October 1, 2010</u>	<u>As of October 1, 2011</u>
1. Active Members		
a. Vested	255	247
b. Non-vested	229	232
c. Sub-total	<u>484</u>	<u>479</u>
2. Non-active, Non-retired Members		
a. Fully or partially vested	21	21
3. Retired Members		
a. Members in DROP	36	42
b. Retirees	238	244
c. Disabled	19	20
d. Beneficiaries	38	41
e. Sub-total	<u>331</u>	<u>347</u>
4. Total Members	<u>836</u>	<u>847</u>



Date	Average Service Earned	Average Attained Age	Date	Average Service Earned	Average Attained Age
October 1, 2006	10.9	44.8	October 1, 2009	11.3	46.2
October 1, 2007	10.7	45.2	October 1, 2010	11.4	46.4
October 1, 2008	10.1	45.3	October 1, 2011	11.6	47.1

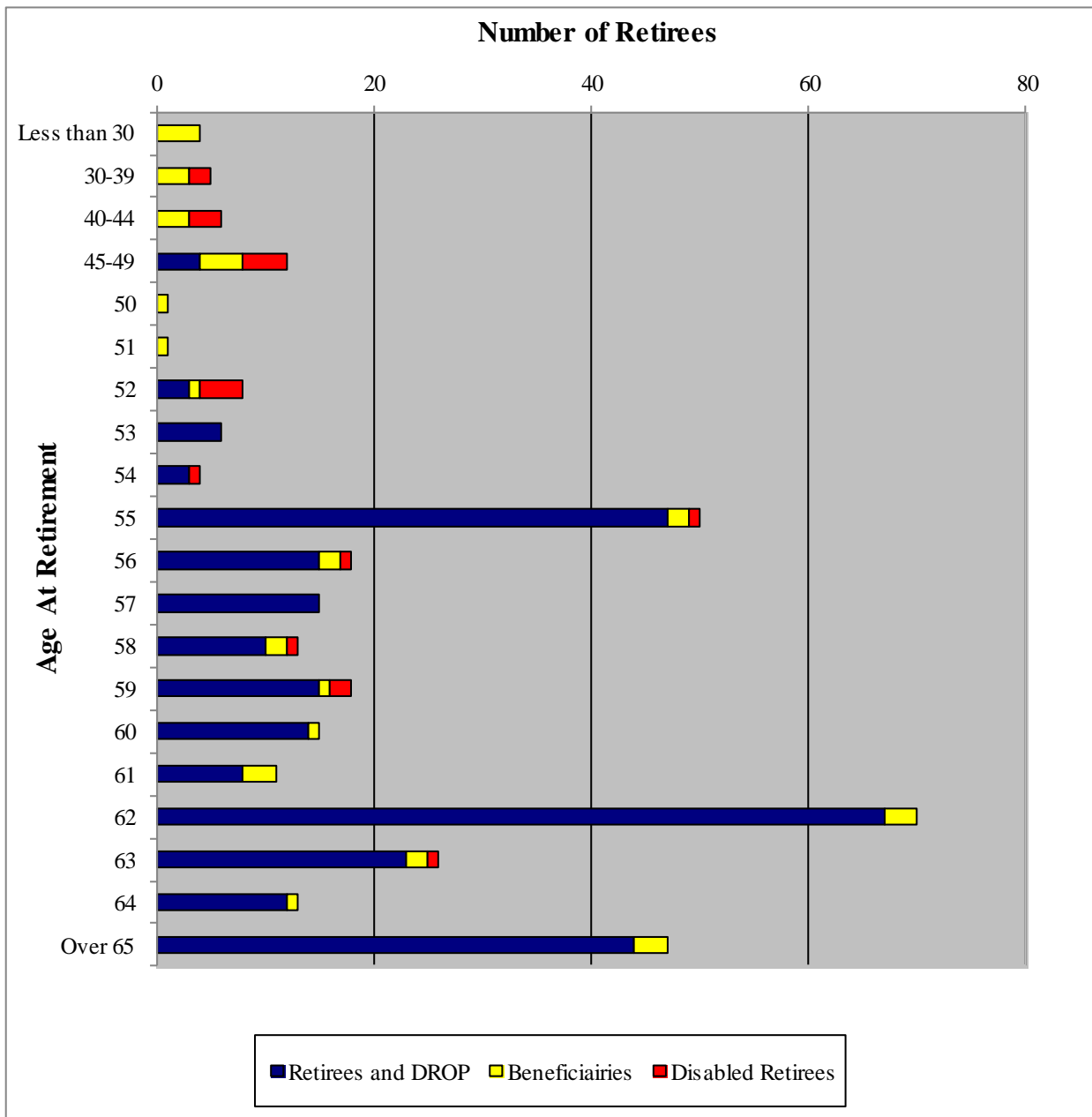


Date	Average Salary	Actual Salary Increase	Date	Average Salary	Actual Salary Increase
October 1, 2006	49,574	6.10%	October 1, 2009	54,245	2.80%
October 1, 2007	52,393	9.20%	October 1, 2010	54,952	2.50%
October 1, 2008	53,303	2.40%	October 1, 2011	54,777	1.62%



Ten Year Average Annual Payroll Growth

Valuation Date	Total Payroll	Average Annual Increase Ending October 1,
October 1, 2011	\$26,238,403	2.4%
October 1, 2010	26,596,532	3.0%
October 1, 2009	27,477,396	3.6%
October 1, 2008	27,611,132	4.1%
October 1, 2007	26,825,168	4.5%
October 1, 2006	25,183,705	
October 1, 2005	24,484,820	
October 1, 2004	23,757,054	
October 1, 2003	22,654,890	
October 1, 2002	22,075,029	
October 1, 2001	20,758,683	
October 1, 2000	19,826,738	
October 1, 1999	19,272,464	
October 1, 1999	19,207,787	
October 1, 1999	18,923,078	



Average benefit being paid to non-disabled retirees is \$2,066.83 per month.

Average benefit being paid to disabled retirees is \$1,884.35 per month.

Average benefit being paid to beneficiaries is \$1,044.39 per month.



DATA RECONCILIATION

TABLE IXc

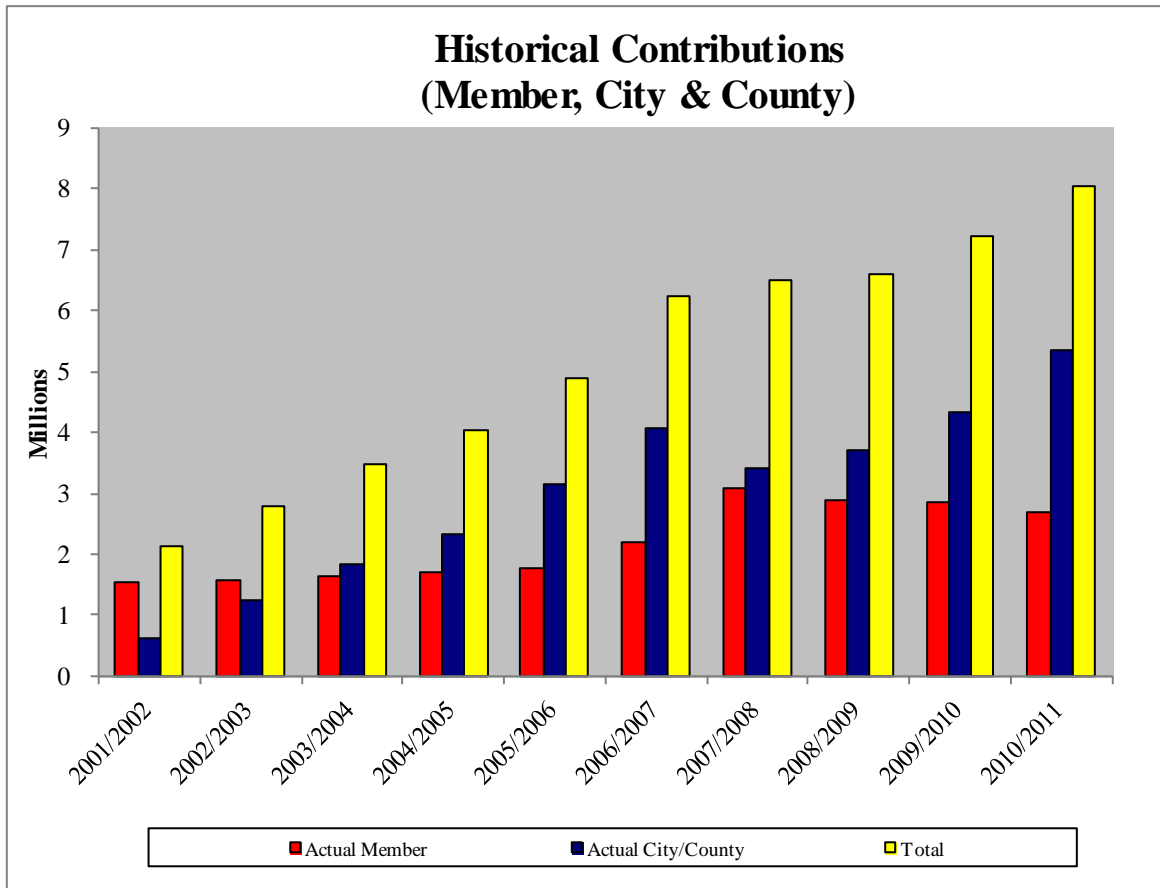
	<u>Active</u>	<u>Non-Active, Non-Retired</u>	<u>Retired</u>	<u>Total</u>
1. Number of members as of October 1, 2010	484	21	331	836
2. Change in Status during the plan year:				
a. Actives who became inactive	(2)	2		
b. Actives who retired	(17)		17	
c. Inactives who became active				
d. Inactives who retired		(2)	2	
e. Retirees who became active				
3. No longer members due to:				
a. Death			(6)	(6)
b. Permanent break-in-service	(13)			(13)
c. Forfeiture of benefits				
d. Expiration of certain period			(2)	(2)
e. Included in error last year				
4. New members due to:				
a. Initial membership	27			27
b. Death of another member			5	5
c. Omitted in error last year				
d. Correction				
5. Number of members as of October 1, 2011	479	21	347	847



AGE-SERVICE SALARY TABLE

TABLE IXd

Attained Age	Completed Years of Service										Total
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Up	
Under 25	0	1	0	0	0	0	0	0	0	0	1
Avg. Pay	0	37,311	0	0	0	0	0	0	0	0	37,311
25 to 29	1	16	9	0	0	0	0	0	0	0	26
Avg. Pay	34,502	38,936	41,126	0	0	0	0	0	0	0	39,524
30 to 34	1	7	17	10	0	0	0	0	0	0	35
Avg. Pay	63,604	40,020	42,189	47,498	0	0	0	0	0	0	43,884
35 to 39	1	12	23	18	7	0	0	0	0	0	61
Avg. Pay	35,988	47,814	50,581	56,378	54,539	0	0	0	0	0	51,962
40 to 44	0	13	18	14	7	11	0	0	0	0	63
Avg. Pay	0	47,068	45,711	62,516	56,984	58,386	0	0	0	0	53,191
45 to 49	5	13	22	13	17	12	12	1	0	0	95
Avg. Pay	47,409	54,319	46,519	53,932	59,423	62,318	60,572	75,314	0	0	55,031
50 to 54	3	7	19	19	11	17	10	14	2	0	102
Avg. Pay	43,597	45,937	51,423	59,119	61,542	68,962	70,142	66,034	76,674	0	60,600
55 to 59	1	8	9	16	7	7	1	0	0	0	49
Avg. Pay	32,859	46,440	59,724	58,153	63,842	56,950	83,031	0	0	0	57,162
60 to 64	2	7	10	8	6	2	1	0	0	0	36
Avg. Pay	51,429	59,902	64,337	56,290	53,152	128,746	112,406	0	0	0	64,019
65 to 79	1	0	4	0	0	2	1	0	0	0	8
Avg. Pay	32,859	0	47,838	0	0	71,726	56,774	0	0	0	53,055
70 & Up	0	0	1	2	0	0	0	0	0	0	3
Avg. Pay	0	0	31,522	73,087	0	0	0	0	0	0	59,232
Total	15	84	132	100	55	51	25	15	2	0	479
Avg. Pay	44,700	46,960	49,074	57,163	58,793	65,922	67,220	66,653	76,674	0	54,777



Plan Year	Actual Member	City/County	Total
2001/2002	\$1,531,571	\$609,191	\$2,140,762
2002/2003	\$1,574,291	\$1,228,956	\$2,803,247
2003/2004	\$1,631,767	\$1,849,695	\$3,481,462
2004/2005	\$1,698,335	\$2,341,224	\$4,039,559
2005/2006	\$1,761,103	\$3,144,061	\$4,905,164
2006/2007	\$2,181,898	\$4,064,240	\$6,246,138
2007/2008	\$3,089,928	\$3,416,488	\$6,506,416
2008/2009	\$2,877,761	\$3,706,870	\$6,584,631
2009/2010	\$2,868,571	\$4,338,870	\$7,207,441
2010/2011	\$2,680,517	\$5,351,521	\$8,032,038



1. Actuarial Cost Method

- Entry Age Normal Cost Method

2. Decrements

- **Pre-Retirement Mortality**

1983 Group Annuity Mortality Table for males and females

- **Post-Retirement Healthy Mortality**

1983 Group Annuity Mortality Table for males and females

- **Post-Retirement Disabled Mortality**

1983 Group Annuity Mortality Table (SF5) for males and females

- **Disability**

Representative values of the assumed annual rates of disability among members in active service are as follows:

Age	Ordinary Disability Rate	Service Disability Rate	Age	Ordinary Disability Rate	Service Disability Rate
20	.000232	.000058	40	.000484	.000121
25	.000232	.000058	45	.000868	.000217
30	.000232	.000058	50	.001716	.000429
35	.000260	.000065	55	.003564	.000891



• Retirement

Representative values of the assumed annual rates of retirement among members in active service are as follows:

Age	Rate
≤54	.0700
55	.5000
56-60	.3000
61-65	.5000
66-69	.3000
≥70	1.000

• Withdrawal from Active Status

Representative values of the assumed annual rates of withdrawal among members in active service are as follows:

Age	Rate	Age	Rate
20	.1071	40	.0321
25	.0756	45	.0227
30	.0536	50	.0132
35	.0416	55	.0038

3. Interest Rates

- Used for calculating all liabilities (including GASB 25/27 liabilities)
 - 8.0% per annum
- Used for calculating the Present Value of Accrued Benefits
 - 7.75% (Same as the Florida Retirement System)



4. Salary Increase

- **Individual Compensation:**

Service	Rate
0-10	7.50%
>10	4.25%

- **Aggregate Compensation**

2.4% per year (lesser of 3.5% per year or the average annual growth of total payroll for the prior ten years).

5. Marriage Assumptions

- **Percent Married:** 100% of active members assumed married at retirement.
- **Age Differences between Spouses:** Male spouses are assumed to be three years older than female spouses.

6. Expenses:

Expenses paid out of the fund, other than investment-related expenses, are assumed to be equal to the average of actual expenses over the previous two years.

7. DROP

- **Entry:** Of those assumed to retire using the Service Retirement rates, the proportion entering DROP is as shown in the following table.

Age at Retirement	Proportion Entering DROP
Under 55	0%
55-62	70%
Over 62	10%

- **Period:** DROP participants are assumed to remain in the DROP for a total of five years.

8. Assets

The market value of assets is adjusted to recognize, over a five-year period, investment earnings greater (or less than) the assumed investment return. The resulting Actuarial Value of Assets is limited to no more than 120% of the market value of assets and no less than 80% of the market value of assets. Details are shown in the Asset Information Section of the report.



9. Amortization Period

New Unfunded Actuarial Accrued Liability resulting from plan amendments, changes in assumptions or methods, or actuarial gains and loss are amortized over 30 years as a level percentage of expected payroll based on the plan's assumed rate of investment return.

10. BSO Required Contribution

The required contribution for the Broward Sheriff's Office (BSO) is determined by multiplying the total required contribution rate as a percentage of payroll by the payroll for BSO employees, projected to the following year.

11. Data Sources

- **Asset Data:**

The asset information is taken from audited statements furnished by the Retirement Office, and adjusted to include DROP Accounts as liabilities of the Plan. The DROP Account balances are added to net asset amount shown in the audited statement. The valuation entry for benefits paid during the last years reflects benefit amounts explicitly paid from the Plan (including the payout of DROP Accounts) and does not reflect those paid into members' DROP accounts.

- **Member Data:**

The member data is supplied by the Retirement Office. It is reviewed for reasonableness and consistency, but no audit was performed. Cavanaugh Macdonald is not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.



Effective Date:

Plan 1: December 8, 1972

Plan 2: June 8, 2011

Eligibility:

Regular full-time employment with the City (at least 26 hours per week and 5 months per year), including Elected Officials, Appointees, and Senior Managers.

Earnings:

Basic compensation and regular longevity pay, increased for temporary upgrade pay. Lump sum payment at termination for unused sick leave and vacation time is not included.

Average Monthly Earnings (AME):

Plan 1: Monthly average for the highest completed 78 bi-weekly pay periods during employment times 1.0048.

Plan 2: Monthly average for the highest completed 130 bi-weekly pay periods during employment times 1.0048.

Credited Service:

Total years and completed months of service from the last date of hire to the date of termination, retirement, death, or disability.

Normal Retirement

Eligibility (Normal Retirement Date):

The earlier of attainment of age 55 with 20 years of Continuous Service, or age 62 with 3 years of Credited Service as a “regular employee” with the City.

Benefit:

Plan 1: 2.75% of AME times years of service.

Plan 2: 2.00% of AME times years of service.

Maximum Benefit:

\$90,000 per year (indexed) at age 62, or 100% of AME (such earnings to exclude picked-up employee contributions per Sec. 414(h)(2), deferred compensation per Sec 457, and amounts deferred under Sec 125).



Normal Form of Benefit:

Life annuity to the member.

COLA:

Plan 1: Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired for at least one year. Increase is 2%. An additional 1% will be payable if either there is a net experience gain for the year, or the City cost for the year is zero after payment of the variable COLA.

Plan 2: Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired at least five years. No increase is given for eligible retirees under 55 on October 1. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A “variable” increase (of not more than one percent) will be granted when the plan is sufficiently funded.

Early Retirement

Eligibility:

The attainment of 20 years of Credited Service.

Benefit:

Plan 1: 2.75% of AME times years of service.

Plan 2: 2.00% of AME times years of service.

Normal Form of Benefit:

Life annuity to the member.

COLA:

Plan 1: Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired for at least one year. Increase is 2%. An additional 1% will be payable if either there is a net experience gain for the year, or the City cost for the year is zero after payment of the variable COLA.

Plan 2: Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired at least five years. No increase is given for eligible retirees under 55 on October 1. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A “variable” increase (of not more than one percent) will be granted when the plan is sufficiently funded.



Delayed Retirement

Benefit:

Plan 1: 2.75% of AME times years of service.

Plan 2: 2.00% of AME times years of service.

Normal Form of Benefit:

Life annuity to the member.

COLA:

Plan 1: Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired for at least one year. Increase is 2%. An additional 1% will be payable if either there is a net experience gain for the year, or the City cost for the year is zero after payment of the variable COLA.

Plan 2: Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired at least five years. No increase is given for eligible retirees under 55 on October 1. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A “variable” increase (of not more than one percent) will be granted when the plan is sufficiently funded.

Drop Retirement

Eligibility:

The earlier of attainment of age 55 with 20 years of Continuous Service, or age 62 with 3 years of Credited Service as a “regular employee” with the City.

Benefit:

Plan 1: 2.75% of AME times years of service.

Plan 2: 2.00% of AME times years of service.

Normal Form of Benefit:

Life annuity to the member.



COLA:

Same as Normal Retirement, except that the COLA is first credited and paid on the October 1 the member is eligible to receive a COLA after leaving employment (exits DROP)

DROP Period:

The Member may remain in the DROP for any period up to five years.

Contributions:

Member contributions cease when Member enters DROP.

DROP Interest:

DROP account balances are credited at the beginning of each month with interest at 1/12th the rate assumed in the actuarial valuation for that year.

Disability Retirement – Service Incurred

Eligibility:

Members are immediately eligible for a Disability Retirement Benefit where the Disability results from an act occurring in the performance of service with the City of Pompano Beach.

Disability Retirement eligibility is forfeited upon entry into the DROP.

Disability Definition:

Total and permanent disablement and unable to earn at least 75% of regular earnings. A member who is eligible for full primary Social Security old age benefits is not eligible.

Benefit:

60% of Earnings.

Normal Form of Benefit:

Life annuity to the member.



COLA:

- Plan 1:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired for at least one year. Increase is 2%. An additional 1% will be payable if either there is a net experience gain for the year, or the City cost for the year is zero after payment of the variable COLA.

- Plan 2:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired at least five years. No increase is given for eligible retirees under 55 on October 1. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A “variable” increase (of not more than one percent) will be granted when the plan is sufficiently funded.

Disability Retirement – Non-Service Incurred

Eligibility:

Total and permanent disablement, 10 years of service, and unable to be gainfully employed. A member who is eligible for full primary Social Security old age benefits is not eligible.

Disability Retirement eligibility is forfeited upon entry into the DROP.

Benefit:

Accrued pension, subject to a minimum of 25% of Earnings.

COLA:

- Plan 1:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired for at least one year. Increase is 2%. An additional 1% will be payable if either there is a net experience gain for the year, or the City cost for the year is zero after payment of the variable COLA.

- Plan 2:** Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired at least five years. No increase is given for eligible retirees under 55 on October 1. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A “variable” increase (of not more than one percent) will be granted when the plan is sufficiently funded.



Pre-Retirement Death Benefit – Basic

Benefit:

1 times annual earnings (payable in monthly installments over four years) plus a refund of contributions with interest. Alternatively, for members eligible for Early or Normal Retirement, or who have a vested benefit whether still actively employed by the City or not, the pension is payable to the beneficiary for 10 years as though retirement occurred on the date of death under Option 2, Ten Year Certain and Life (no reduction for early retirement if death occurs prior to normal retirement).

COLA:

Plan 1: Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired for at least one year. Increase is 2%. An additional 1% will be payable if either there is a net experience gain for the year, or the City cost for the year is zero after payment of the variable COLA.

Plan 2: Paid annually, on October 1 for retired members (or their beneficiaries) who have been retired at least five years. No increase is given for eligible retirees under 55 on October 1. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A “variable” increase (of not more than one percent) will be granted when the plan is sufficiently funded.

Withdrawal – Non Vested

Eligibility:

First day of work, up to the earlier of 10 years of City service or 5 years of Senior Management Service for regular employees only.

Benefit:

Accumulated contributions with 3% interest.

Form of Benefit:

Lump sum.



Withdrawal – Vested

Eligibility:

Regular employees – at least 10 years of service.

Senior Managers – earlier of 10 years of City service and 5 years of Senior Management Service.

Elected Officials and Appointees – at least 5 years of service.

Benefit:

A vested benefit deferred to regular normal retirement date. Alternatively, a regular employee or Senior Management participant may withdraw the accumulated contributions and forfeit the deferred vested benefit.

Member Contributions

Contributions:

Elected Officials and Appointees

No member contributions. However, the City will make contributions at the same rate that applies to Regular Employees on behalf of these participants. These contributions are not eligible for refund upon termination.

Regular Employees and Senior Managers

Plan 1: 10.0% of earnings.

Plan 2: 7.0% of earnings.

Interest Crediting Rate:

3% per year.

Optional Forms of Payment

Option 1:

Joint and last survivor option.

Option 2:

Ten-Year Certain and Life option.



Additional Provisions

Reentry Provision:

Credit for prior service is granted in full upon repayment of all monies refunded to the member with interest at the assumed interest rate for actuarial purposes.

Second Retirement Provision:

Members may retire and return to work as a regular employee. Prior pension payments are continued during the period of reemployment. A second benefit is earned based solely on the second period of employment, provided the employee worked at least three years during the second period of employment.



The following Plan Amendments have been adopted within the past few years. Amendment changes that have first been reflected in this valuation are shown in bold print:

1. Effective June 8, 2011

- a) **For members hired on or after June 8, 2011, average monthly earnings is the average of the highest 130 bi-weekly pay periods times 1.0048.**
- b) **For members hired on or after June 8, 2011, the monthly retirement benefit is 2.0% times average monthly earnings.**
- c) **For members hired on or after June 8, 2011, the contribution rate is 7.0% of earnings.**
- d) **For members hired on or after June 8, 2011, a member is eligible for a COLA on their fifth anniversary of retirement. No increase is given for eligible retirees under 55 on October 1. A 1% increase is given for eligible retirees between 55 and 64. A 2% increase is given for eligible retirees 65 or older. A “variable” increase (of not more than one percent) will be granted when the plan is sufficiently funded.**